

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



June 14, 1979

ALL-COUNTY LETTER NO. 79-36
FSD LETTER NO. 79-16

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY DISTRICT ATTORNEYS
ALL TITLE IV-D AGENCIES

SUBJECT: POLICY CHANGE ON RENTAL OR LEASE AGREEMENTS WITHOUT GAIN IN EQUITY

The State Department of Social Services (DSS), in conjunction with the Office of Cost Allocations, DHEW, is changing the policy regarding straight rental or lease agreements, where no equity is gained in the property.

The procedure in the past has been to require counties to submit proposed rental agreements to the state for review and approval, prior to claiming. The general criteria for review was that the cost of property proposed for lease fall within a comparable range of other facilities in the area.

The new policy, retroactive to January 1, 1979, is that straight rental agreements, where no equity is gained in the property, will not require prior approval by the state.

The same criteria of review will be applied at the time of audit as was used for approval in the past. The county must retain within its files the same documentation that was previously submitted to the state.

Rental agreements submitted to the state for approval since January are being returned to the county for maintenance until the time that the records are audited.

County-owned facilities will continue to be claimed through FMC 74-4 unless there are special claiming agreements with DSS. Special claiming agreements will continue to require DSS (and DHEW) approval prior to claiming. Examples of special agreements are: construction or purchase of a building after January 1, 1970; building alterations or improvements on county-owned facilities after January 1, 1970; lease with option to purchase agreements; and lease-purchase agreements.

If you have any questions on this procedure, please contact the County Fiscal Administration Bureau at 916/445-7046.

Sincerely,

A handwritten signature in dark ink, appearing to read 'R. E. Reich', written over the typed name.

R. E. REICH
Deputy Director
Administration Division

cc: Mr. David S. Low, Director
Division of Cost Allocation
DHEW

CWDA